

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re	) Chapter 11
	)
LEAFS HOCKEY CLUB, INC.,	) Case No. 15-23198
	)
Debtor.	) Hon. Donald R. Cassling
	)
	) Date: May 24, 2016
	) Time: 10:00 a.m.

**NOTICE OF MOTION**

To: See Attached Service List

PLEASE TAKE NOTICE that on **May 24, 2016 at 10:00 a.m.** or as soon thereafter as counsel may be heard, the undersigned will appear before the Hon. Donald R. Cassling, Bankruptcy Judge, or such other judge as may be sitting in his stead, in Courtroom 619, in the Dirksen Federal Courthouse, 219 S. Dearborn St, Chicago, Illinois and shall then and there present the attached **FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR COMPENSATION AND REIMBURSEMENT FOR EXPENSES FOR PERIOD MARCH 1, 2016 THROUGH MAY 5, 2016 AND REQUEST TO SHORTEN NOTICE**, at which time and place you may appear as you see fit.

LEAFS HOCKEY CLUB, INC.,  
debtor and debtor in possession

By: /s/ Kevin H. Morse  
One of Its Attorneys

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**CERTIFICATE OF SERVICE**

I, Kevin H. Morse, an attorney, certify that I caused a copy of the attached Notice of Motion and Application to be served on the parties listed on the attached Service List, via U.S. Mail, postage pre-paid, in addition to the party receiving it by personal service and those parties receiving notification by participation in the Court's ECF system on May 6, 2016.

/s/ Kevin H. Morse .

Via U.S. Mail:

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**FINAL APPLICATION OF ARNSTEIN & LEHR LLP FOR COMPENSATION AND  
REIMBURSEMENT FOR EXPENSES FOR PERIOD MARCH 1, 2016 THROUGH  
MAY 5, 2016 AND REQUEST TO SHORTEN NOTICE**

Arnstein & Lehr LLP ("A&L"), counsel for Leafs Hockey Club, Inc., debtor and debtor in possession (the "Club"), pursuant to 11 U.S.C. §§ 330, 331 and 503(b)(2), applies to this Court for the entry of an order: (a) allowing and approving compensation to A&L in the amount of \$10,084.00 for legal services rendered during the period March 1, 2016 through May 5, 2016 and reimbursement to A&L in the amount of \$101.77 for expenses incurred; (b) approving on a final basis compensation to A&L in the amount of \$112,658.00 for legal services rendered during the period July 7, 2015 through May 5, 2016 and reimbursement to A&L in the amount of \$2,399.83 for expenses incurred in connection with such services; and (c) approving shortened notice. In support thereof, A&L respectfully states as follows:

**Background**

1. On July 7, 2015 ("Petition Date"), the Club filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, thereby commencing this case (the "Chapter 11 Case").

2. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Club continues to operate its business and manage its financial affairs as a debtor in possession. No trustee, examiner or committee has been appointed in this Chapter 11 Case.

3. The Club is an Illinois not-for-profit corporation established in 1973 to promote youth ice hockey in the Fox Valley and surrounding communities. The Club's Board of Directors is comprised solely of volunteer parents of past and present members of one or more of the Club's hockey teams. As of the end of the 2014-2015 youth ice hockey season, the Club consisted of 22 teams and one "Learn to Skate" program, with a total of 326 youth hockey players ranging from ages 6 to 18. This past hockey season also brought the Club two Illinois state championships won by the Club's 12-13 year old boys' team and the Under-12 girls' team.

4. In 2007, the Club moved into the state-of-the-art on and off ice training facility, commonly known as the Leafs Ice Centre in West Dundee, Illinois (the "Rink"). The Club is the sole member of LHC, LLC, an Illinois limited liability company that owns and operates the Rink. The Club's operations provide approximately 40% of the Rink's annual revenues. On or about February 25, 2013, the Rink filed its own voluntary petition for relief under Chapter 11 to stay the foreclosure proceeding filed by the Rink's lender, UMB Bank, N.A., in its capacity as successor bond trustee under a Trust Indenture dated February 1, 2007 (the "Lender").

5. On May 13, 2015, the Lender obtained a judgment against the Club based on the Club's guaranty of the Rink's bond indebtedness. The Club, the Rink and the Lender subsequently engaged in negotiations concerning a joint and global resolution of all pending issues between the parties. These negotiations and forbearance were not only critical to the Club but also to the Rink with respect to the implementation of a chapter 11 exit strategy from its case. The Lender informed Club's counsel that as of 5:00 p.m. on Tuesday, July 7, 2015, the Lender would terminate forbearance and take any and all actions appropriate or desirable to convert the judgment into a secured claim and execute thereon. The Lender's cessation of negotiations and forbearance necessitated the filing of this Chapter 11 Case.

6. On July 28, 2015, this Court entered an order authorizing the Club's employment of A&L as Club's bankruptcy counsel pursuant to section 327(a) of the Bankruptcy Code, effective as of the Petition Date. As of the Petition Date, the balance of the retainer was \$6,507.14 (the "Retainer"). The Retainer was applied as compensation under Arnstein & Lehr's First Interim Fee Application ("First Fee Application"). [Dkt. #40]

7. Subsequent to the Petition Date, the Club, Rink and Lender re-opened negotiations to pursue a global resolution of outstanding issues in this Chapter 11 Case and the Rink's Chapter 11 case. On November 6, 2015, the Club filed a motion seeking approval of a Settlement and Compromise of Claims between the Club and the Lender (the "Settlement Agreement"). [Dkt. # 46] The Settlement Agreement required the Rink to convey all of its real and personal property to the Lender in satisfaction of its secured claim. In exchange, the Lender released its judgment against the Club and, through its assignee, the parties would enter into a new five-year lease with the Club.

8. The Settlement Agreement also authorized the Club to establish a new not-for-profit corporation as assignee of the Club's assets. On December 18, 2015, the Court entered an Order approving the Settlement Agreement. [Dkt. # 62] On December 14, 2015, the West Dundee Hockey Club ("WDHC") was incorporated as an Illinois not-for-profit corporation. Shortly thereafter, WDHC was transferred and assigned all of the Club's assets to provide membership with a fresh start and complete separation from the Rink.

9. On December 29, 2015, the WDHC executed a lease agreement with Trimalchio Hockey Arenas, LLC (the "Lease Agreement"). The Lease Agreement authorized WDHC to use the Rink in West Dundee, Illinois for the next five (5) years with an option for a five (5) year extension.

10. Shortly before approval of the Settlement Agreement, the Club received notices of IRS penalties for late filed returns in tax years 2012 through 2014. Simultaneously, the IRS filed an amended proof of claim [Claim No. 1] to reflect the supposedly outstanding penalties. The Club subsequently responded to the IRS and the Club's Chapter 11 case remained open for the sole purpose of resolving the outstanding IRS claims. On March 30, 2016 and April 27, 2016, the Club received confirmations from the IRS that it was removing all outstanding penalties and claims against the Club.

#### **Prior Fee Applications**

11. On November 17, 2015, the Court entered an order approving A&L's first interim fee application for compensation in the amount of \$52,376.00 and reimbursement of expenses in the amount of \$2,016.00 for the period July 7, 2015 through September 30, 2015 [Dkt. #47].

12. On April 19, 2016, the Court entered an order approving A&L's second interim fee application for compensation in the amount of \$50,198.00 and reimbursement of expenses in the amount of \$282.00 for the period October 1, 2015 through February 29, 2016 [Dkt. #71]. A copy of the orders granting A&L's prior fee applications is attached as **Exhibit A**.

#### **Narrative Summary of Services**

13. A narrative summary of the services rendered by A&L during the period March 1, 2016 through May 5, 2016 is set forth below. Itemized and detailed descriptions of the specific services rendered by A&L to the Club during this period are reflected on the billing statements attached hereto as Exhibits B through D. The billing statements set forth the name of each attorney or paralegal, the amount of time expended rendering each service, the date on which each service was rendered, a description of the service rendered and the total number of hours of services rendered by each attorney or paralegal in each category.

14. The services rendered by A&L during the period March 1, 2016 through May 5, 2016 have been segregated into three (5) categories as follows: (A) Case Administration; (B) Fee Petition; and (C) West Dundee Hockey Club Formation.

15. The fees sought by A&L for each of the billing categories are summarized as follows:

<u><b>EXHIBIT</b></u>	<u><b>TITLE OF CATEGORY</b></u>	<u><b>AMOUNT SOUGHT</b></u>
B	Case Administration	\$4,694.00
C	Fee Petition	\$3,959.00
D	West Dundee Hockey Club Formation	\$1,431.00
	<b>TOTAL FEES</b>	<b>\$10,084.00</b>

16. A list of the attorneys and paralegals rendering services, their position and practice area, aggregate hours of services rendered for which compensation is sought and hourly rate is as follows:

<u><b>Professional</b></u>	<u><b>Practice Area</b></u>	<u><b>Hours</b></u>	<u><b>Hourly Rate</b></u>	<u><b>Total</b></u>
Kevin H. Morse ("KHM")	Bankruptcy	17.0	\$400.00	\$6,800.00
William A. Williams ("WAW")	Bankruptcy	4.2	\$295.00	\$1,239.00
Joanne F. Fehn ("JFF")	Real Estate	1.7	\$475.00	\$807.50
Thomas F. McGuire ("TFM")	Tax	1.5	\$555.00	\$832.50
Heidi A. Kight ("HAK")	Paralegal	1.5	\$270.00	\$405.00
	<b>TOTAL:</b>	<b>25.9</b>		<b>\$10,084.00</b>

The hourly rates listed above are customary and reasonable and are within the range of hourly rates charged to other clients.

17. The tasks performed by A&L in each of the billing categories are set forth in Exhibits B through D and are summarized as follows:

EXHIBIT B – General Case Administration

This category includes: final work revising and finalizing the Club's subordination and non-disturbance agreement with the new owner of the Rink; issues arising from use of incorrect FEIN number and resolution of issues; multiple correspondence and review of items related to audit and preparation of tax returns; draft memorandum with information related to the audit representation; review and prepare monthly operating reports and redact information; review IRS response to penalty challenge and inform all parties of waiver of all penalties; attendance at status hearings in the bankruptcy case; and prepare and file motion to dismiss chapter 11 case; and all other matters related to the administration of the Chapter 11 case. A&L spent 11.3 hours of attorney and paralegal time on the foregoing services having a lodestar value of \$4,694.00, summarized as follows:

<b>Case Administration</b>				
<b><u>Professional</u></b>	<b><u>Practice</u></b>	<b><u>Hours</u></b>	<b><u>Hourly Rate</u></b>	<b><u>Compensation Sought</u></b>
JFF	Real Estate	1.7	\$475.00	\$807.50
KHM	Bankruptcy	9.3	\$400.00	\$3,720.00
TFM	Tax	0.3	\$555.00	\$166.50
<b>Total</b>		<b>11.3</b>		<b>\$4,694.00</b>

EXHIBIT C – Fee Petition

This category includes the following: reviewing time entries in preparation for A&L's second fee application; drafting the second fee application of A&L and attending the fee application hearing; reviewing time entries for A&L's final fee application and accountant's second fee application; multiple calls and correspondence with Club and accountant to discuss fees; prepare and file final fee A&L fee application and accountant fee application. A&L spent 11.0 hours of attorney time on the foregoing services having a lodestar value of \$3,959.00 for which A&L is seeking compensation, summarized as follows:

<b>Fee Petition</b>				
<b><u>Professional</u></b>	<b><u>Practice</u></b>	<b><u>Hours</u></b>	<b><u>Hourly Rate</u></b>	<b><u>Compensation Sought</u></b>
KHM	Bankruptcy	6.8	\$400.00	\$2,720.00
WAW	Bankruptcy	4.2	\$295.00	\$1,239.00
<b>Total</b>		<b>11.0</b>		<b>\$3,959.00</b>



EXHIBIT D – West Dundee Hockey Club Formation

This category includes the following: administrative tasks associated with the formation of West Dundee Hockey Club; review correspondence from the IRS regarding required amendments to team's articles of incorporation; prepare amendments to articles of incorporation; multiple correspondence with WDHC's president regarding entire board needing to sign and return documents; file amended articles of incorporation; and all other services related formation of WDHC. A&L spent 3.6 hours of attorney time on the foregoing services having a lodestar value of \$1,431.00, for which A&L is seeking compensation, summarized as follows:

<b>West Dundee Hockey Club Formation</b>				
<b><u>Professional</u></b>	<b><u>Practice</u></b>	<b><u>Hours</u></b>	<b><u>Hourly Rate</u></b>	<b><u>Compensation Sought</u></b>
HAK	Paralegal	1.5	\$270.00	\$405.00
KHM	Bankruptcy	0.9	\$400.00	\$360.00
TFM	Tax	1.5	\$555.00	\$666.00
<b>Total</b>		<b>3.6</b>		<b>\$1,431.00</b>

**Expenses**

18. A&L incurred expenses in the amount of \$101.77 during the period of March 1, 2016 through May 5, 2016 in connection with its representation of the Club. These expenses are itemized in Exhibit E. Expenses were incurred for amending the articles of incorporation, messenger service to lender's counsel, and postage.

<b><u>Expense Category</u></b>	<b><u>Cost:</u></b>
Messenger Service	\$3.75
Secretary of State	\$50.00
Postage	\$48.02
<b>Total</b>	<b>\$101.77</b>

19. A&L respectfully submits that the fees and expense reimbursement sought herein are reasonable given the nature, extent and value of the services rendered, the quality and skill which the situation required, the costs of comparable services in other cases under chapter 11, and that the time has been fairly and properly expended. When two or more professionals

participated in any activity, such joint participation was necessary as a result of either the complexity of the problems involved or the need to familiarize each professional with the matters at issue so that each professional could perform further necessary work. Further, as set forth in the billing statements, A&L has not charged for several time entries where more than one attorney participated in an activity.

**Notice**

20. A copy of the Application has been sent to the Club and all parties entitled to notice, including the Office of the United States Trustee and Lender. Eighteen (18) days' notice of the Application and hearing date has been sent to all creditors of the estate and all parties entitled to notice. A&L requests the Court approve shortened notice under the circumstances and for cause as no party will be prejudiced and this is A&L's final fee application.

WHEREFORE, Arnstein & Lehr LLP respectfully requests that the Court enter an order:

- A. Allowing compensation to A&L in the amount of \$10,084.00 and reimbursement of expenses to A&L in the amount of \$101.77 for the period March 1, 2016 through May 5, 2016;
- B. Authorizing the Club to pay A&L compensation in the amount of \$10,084.00 and reimbursement of expenses in the amount of \$101.77 for the period March 1, 2016 through May 5, 2016;
- C. Approving final compensation to A&L in the amount of \$112,658.00 and reimbursement of expenses to A&L in the amount of \$2,399.83 for the period July 7, 2015 through May 5, 2016; and

D. Granting such other and further relief as the Court deems just and proper.

ARNSTEIN & LEHR LLP, counsel to  
LEAFS HOCKEY CLUB, INC.

By: /s/ Kevin H. Morse

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